

Fiscal Note

Fiscal Services Division



SF 2242 – Home Ownership Assistance Program for Military Members (LSB 6151SV)
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Fiscal Note Version – New
Requested by Senator Daryl Beall

Description

Senate File 2242 relates to the Home Ownership Assistance Program for military members by expanding the Program to include members of the National Guard, or reserve, or regular component of the armed forces of the United States that served during the period of the Persian Gulf Conflict, beginning August 2, 1990, and ending April 6, 1991. This Bill applies to home purchases on or after July 1, 2014.

Background

- Desert Storm and Desert Shield were two different operations within the Persian Gulf Conflict. Operation Desert Shield began August 2, 1990. Operation Desert Storm began January 17, 1991. The Republic of Iraq officially accepted cease-fire terms on April 6, 1991. The cease-fire took effect April 11, 1991. Iowa Code section [35.1\(2\)\(a\)\(13\)](#) currently specifies that the Persian Gulf Conflict was from August 2, 1990, through the date the President or the Congress declares a cessation of hostilities. Currently, the Code of Federal Regulations does not list an official end date for the conflict ([38 C.F.R. 3.2\(i\)](#)).
- The Veterans Home Ownership Assistance Program began in FY 2005 and is administered by the Iowa Finance Authority (IFA). The Program provides up to \$5,000 in down payment or closing cost assistance for eligible home purchases. The home must be the primary residence and the money is a once-in-a-lifetime grant. Surviving spouses are eligible for this Program. The Department of Veterans Affairs reviews each application to determine eligibility as a veteran and the IFA determines eligibility for the qualifying loan.
- In FY 2013 and FY 2014, the General Fund appropriation for the Program was \$1.6 million annually and provides funding for 320 grants at the maximum amount of \$5,000. For FY 2015, the Governor is recommending an increase of \$900,000 for a total of \$2.5 million. This funding level will serve 500 grants at the maximum amount.
- For FY 2014, funding of \$1.6 million available. As of January 1, 2014, the amount requested was \$1.2 million and \$357,000 was available. The current funding will be exhausted approximately March 31, 2014. The current rate of usage is \$41,420 per week.

Assumptions

- Approximately 10,200 Iowans were deployed in support of Desert Shield/Desert Storm. Of this amount, approximately 80.0% served in theater.
- Because the Program is not restricted to just Iowans, eligible service members that choose to move to Iowa and purchase a home will be eligible to participate in the Program and this could significantly increase the potential pool of applicants.

Fiscal Impact

The fiscal impact of SF 2242 will depend on program demand and future demand cannot be estimated. The Program operates on a first-come, first-serve basis and when the funds are exhausted, the Program closes for the year. The FY 2014 funding level for the Program will provide 320 grants at the maximum of \$5,000 each. By expanding the Program, it is assumed usage will increase and additional funds will be needed. If the Governor's recommended funding level of \$2.5 million is adopted, the maximum grant of \$5,000 will be available for 500 applicants. This is an increase of 180 grants for FY 2015 compared to FY 2014.

Sources

Iowa Finance Authority
Department of Veterans Affairs

/s/ Holly M. Lyons

February 25, 2014

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
